

# **Sweetener Users Association Board Meeting Conference Call**

April 15, 2020

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# SUA April 2020: Presentation Overview

- **COVID-19 – Impact on Sugar/Sweeteners**
- **Domestic Sugar Market**
  - WASDE update – S-T-U raised to 11.7%; supplies still short.
  - SMD update – beet, cane, non-reporter deliveries.
  - Mexico supply/export update, questions remain.
  - Cash sugar price update and outlook – steady but high.
- **Global Sugar Market**
  - Energy prices and coronavirus impacting sugar supply/demand/trade; is new OPEC deal enough to help ethanol amid COVID-19?
  - Brazil harvest to focus on sugar as ethanol prices tumble.
  - India exports slowed by coronavirus.
- **Corn Sweetener Market**
  - Continued lower annual production.
  - Mexican consumption down from a year earlier.
- **Other factors affecting sugar**
  - Labeling regulations eased during pandemic
- **Conclusions**

# SUA April 2020: U.S. Market Overview

## ■ 2019-20 sugar supply/demand

- USDA raises raw, refined TRQ by 550,000 tons on April 1.
- S-T-U ratio at 11.7% on higher TRQ, US cane, Mexico in WASDE.
- Can Mexico deliver?
- Ongoing concerns about logistics, timing, etc., for rest of year.
- Spot and 2020-21 prices unchanged despite TRQ increase.
- Deliveries for 2019-20 unchanged from March in WASDE.
- Beet sugar production/deliveries should ease and cane sugar production/deliveries should build as the year progresses.
- Non-reporter deliveries expected to be strong.
- Will high prices/tight supplies/coronavirus affect demand?

## ■ Corn sweetener supply/demand

- Oct.-Feb. HFCS consumption in Mexico below year ago.
- Will Mexican bottlers switch from sugar to HFCS?

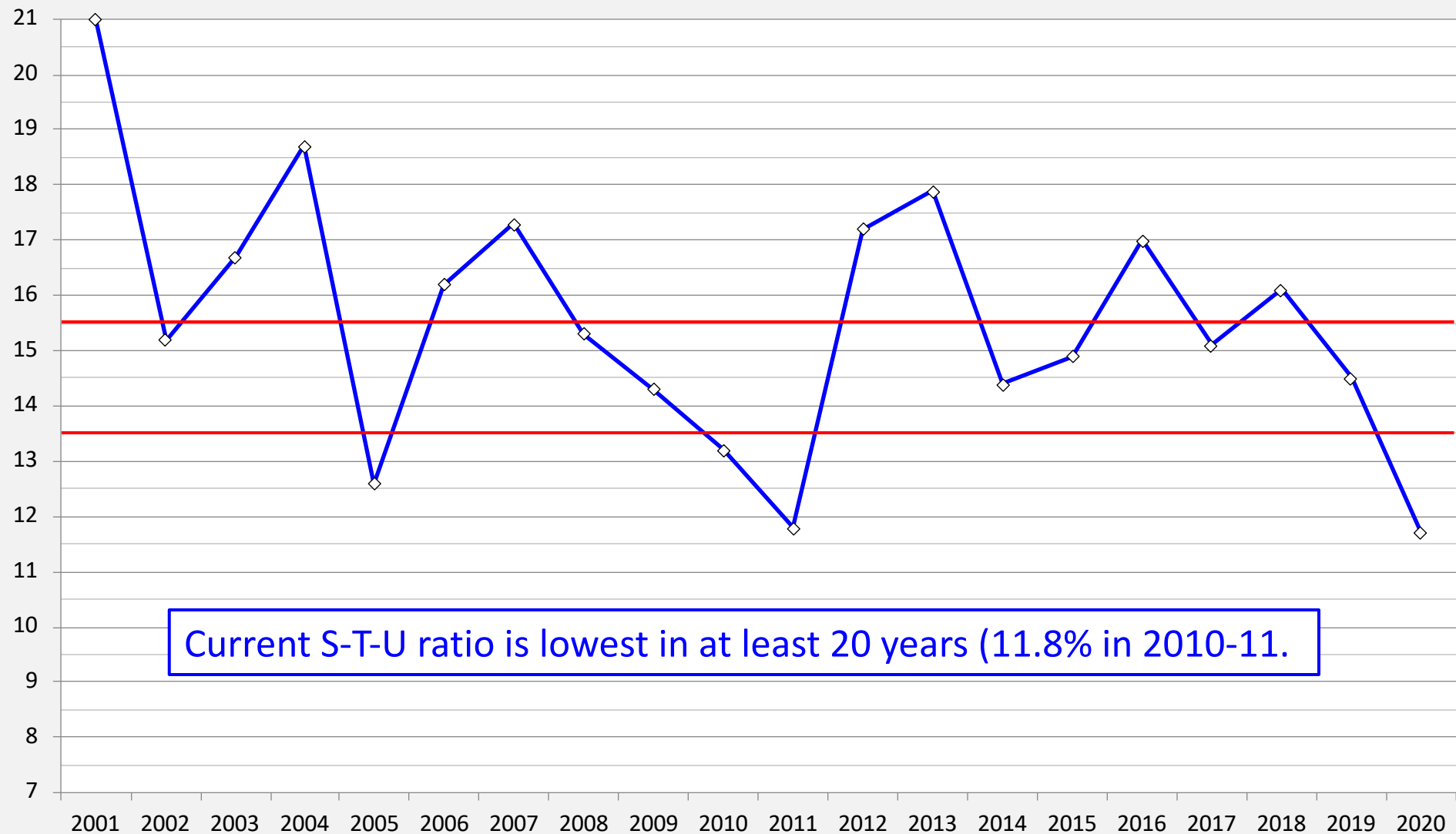
# SUA April 2020: USDA 2019-20 WASDE

Short tons	April	April	Change from Mar.		19-20 change from 18-19		RS-SPC
raw value	<u>18-19</u>	<u>19-20</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>19-20</u>
<b>Begin. Stocks</b>	2,008	1,783	-	0.0%	(225)	-11.2%	1,780
<b>Production</b>	8,999	8,038	7	0.1%	(961)	-10.7%	8,040
<b>Beet</b>	4,939	4,298	(19)	-0.4%	(641)	-13.0%	4,300
<b>Cane</b>	4,060	3,740	27	0.7%	(320)	-7.9%	3,740
<b>Imports</b>	3,070	3,879	540	16.2%	809	26.4%	4,015
<b>T.R.Q.</b>	1,541	2,180	506	30.2%	639	41.5%	2,265
<b>Other Prog.</b>	438	350	-	0.0%	(88)	-20.1%	350
<b>Mexico</b>	1,000	1,199	34	2.9%	199	19.9%	1,200
<b>High Tier</b>	92	150	-	0.0%	58	63.0%	200
<b>Total Supply</b>	14,077	13,699	546	4.2%	(378)	-2.7%	13,835
<b>Exports</b>	35	35	-	0.0%	-	0.0%	35
<b>Deliveries</b>	12,231	12,230	-	0.0%	(1)	0.0%	12,100
<b>Food</b>	12,106	12,125	-	0.0%	19	0.2%	12,000
<b>Other</b>	126	105	-	0.0%	(21)	-16.7%	100
<b>Misc.</b>	28	-	-	-	(28)	-	-
<b>Total Use</b>	12,294	12,265	-	0.0%	(29)	-0.2%	12,135
<b>Ending Stocks</b>	1,783	1,434	546	61.5%	(349)	-19.6%	1,700
<b>Stocks-to-use</b>	14.5%	11.7%	4.5		-2.8		14.0%

\* S-T-U Ratio change is from prior S-T-U, not in tons or per cent.

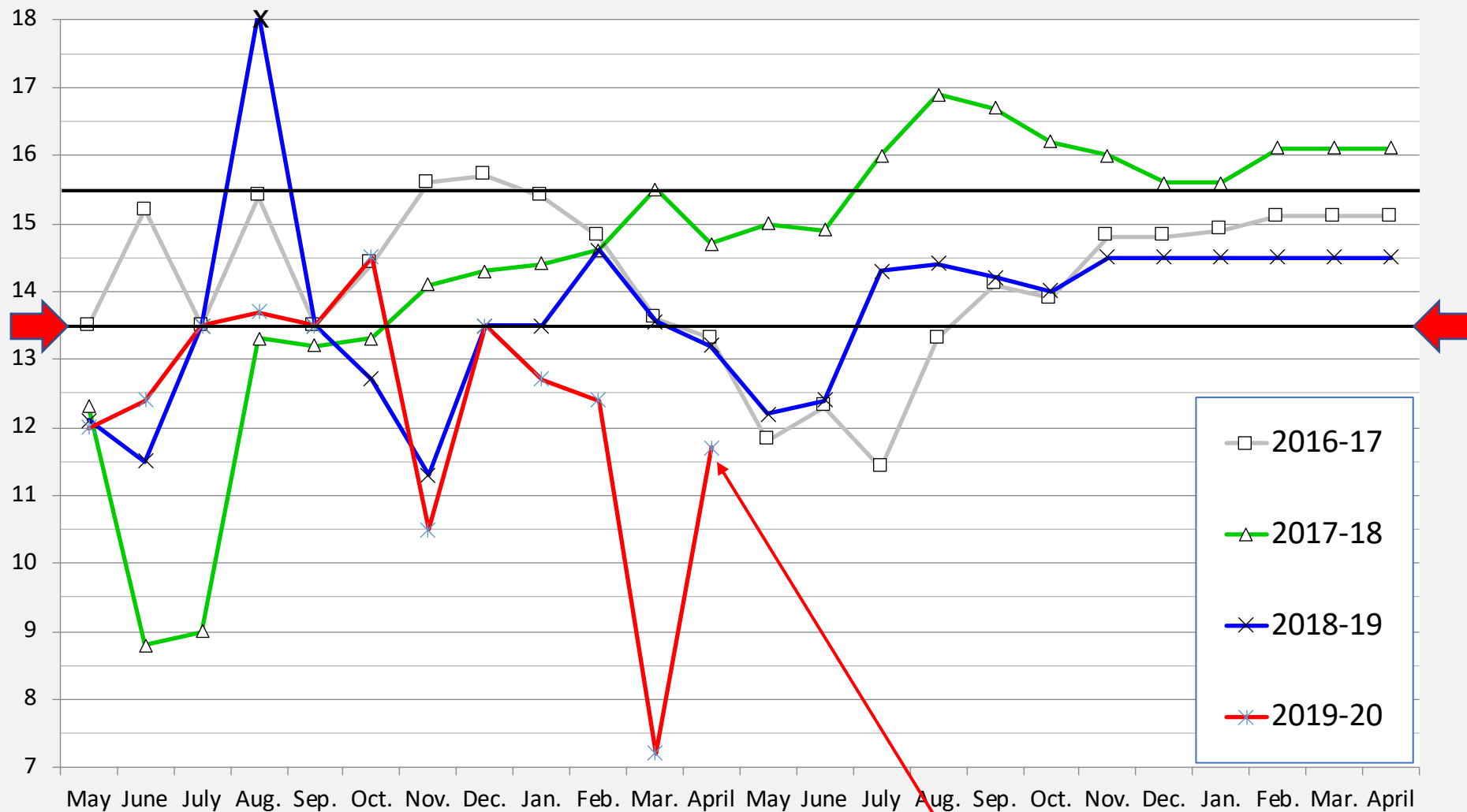
# SUA April 2020: Annual S-T-U Ratios

Annual stocks-to-use ratios, in percent. 2019-20 is forecast as of April 9. Source: USDA.



# SUA April 2020: Monthly S-T-U Ratios

Two-year S-T-U ratios in per cent, beginning with first forecast in May for each marketing year.



April 19-20 ratio at 11.7% is still below the 13.5% minimum. Another 222,000 tons needed (more supply and/or less use) to reach 13.5%.

Source: USDA

# SUA April 2020: USDA 2019-20 WASDE

Short tons	April	April	Change from Mar.		19-20 change from 18-19		What-If 1
raw value	<u>18-19</u>	<u>19-20</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>19-20</u>
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<b>Cane</b>	4,060	3,740	27	0.7%	(320)	-7.9%	3,740
<b>Imports</b>	3,070	3,879	540	16.2%	809	26.4%	3,879
<b>T.R.Q.</b>	1,541	2,180	506	30.2%	639	41.5%	2,180
<b>Other Prog.</b>	438	350	-	0.0%	(88)	-20.1%	350
<b>Mexico</b>	1,000	1,199	34	2.9%	199	19.9%	1,199
<b>High Tier</b>	92	150	-	0.0%	58	63.0%	150
<b>Total Supply</b>	14,077	13,699	546	4.2%	(378)	-2.7%	13,699
<b>Exports</b>	35	35	-	0.0%	-	0.0%	35
<b>Deliveries</b>	12,231	12,230	-	0.0%	(1)	0.0%	12,030
<b>Food</b>	12,106	12,125	-	0.0%	19	0.2%	11,925
<b>Other</b>	126	105	-	0.0%	(21)	-16.7%	105
<b>Misc.</b>	28	-	-	-	(28)	-	-
<b>Total Use</b>	12,294	12,265	-	0.0%	(29)	-0.2%	12,065
<b>Ending Stocks</b>	1,783	1,434	546	61.5%	(349)	-19.6%	1,634
<b>Stocks-to-use</b>	14.5%	11.7%	4.5		-2.8		13.5%

\* S-T-U Ratio change is from prior S-T-U, not in tons or per cent.

# SUA April 2020: USDA 2019-20 WASDE

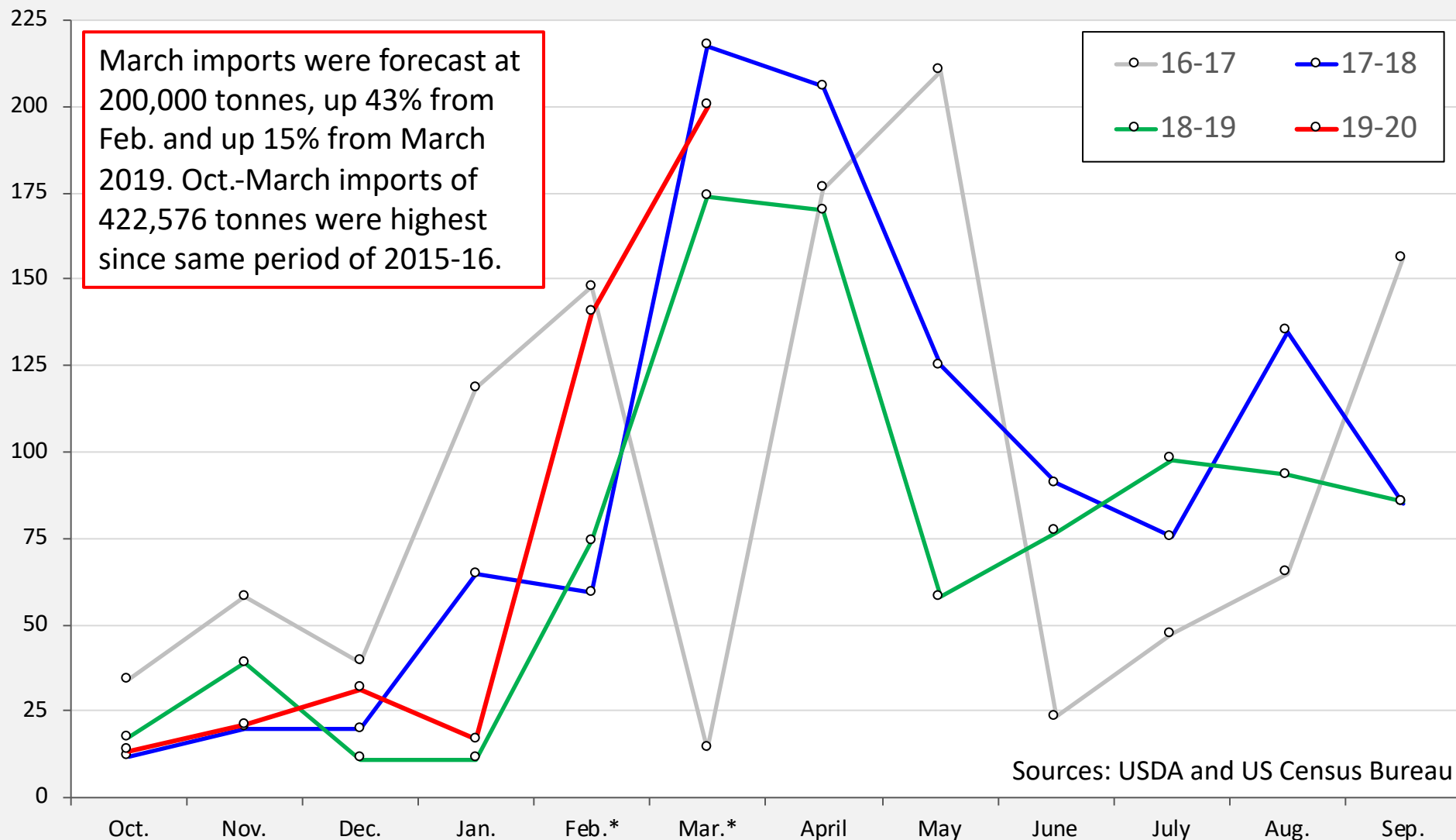
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<b>Total Use</b>	12,294	12,265	-	0.0%	(29)	-0.2%	12,065
<b>Ending Stocks</b>	1,783	1,434	546	61.5%	(349)	-19.6%	1,785
<b>Stocks-to-use</b>	14.5%	11.7%	4.5		-2.8		14.8%

\* S-T-U Ratio change is from prior S-T-U, not in tons or per cent.



# SUA April 2020: US Imports from Mexico

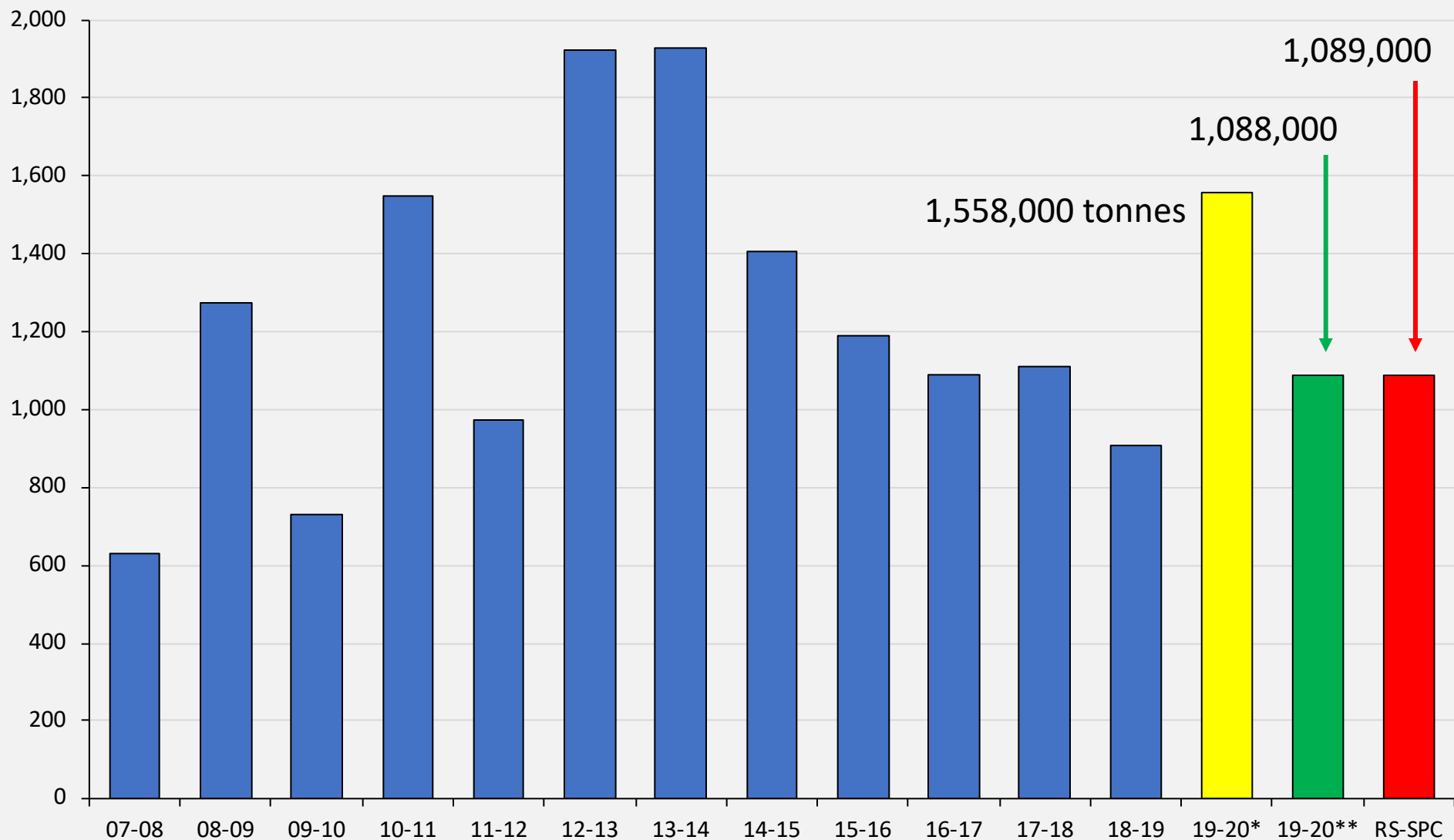
In 1,000 tonnes, raw value. \*February and \*March 2019-20 are USDA forecasts.



Including Feb. and March forecasts, Mexico has shipped 39% of annual projection with 50% of year elapsed; total imports at 47% of forecast.

# SUA April 2020: Annual Imports from Mexico

In 1,000 tonnes, raw value. \*February USDA, \*\*April USDA.



Sources: USDA and US Census Bureau

# SUA April 2020: SMD February

Source: USDA.

<b>FEBRUARY (STRV)</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>% Change</b>	<b>Quantity</b>
Beginning Stocks	4,069,349	4,837,146	-15.9	-767,797
<b>Total Production</b>	<b>764,365</b>	<b>773,878</b>	<b>-1.2</b>	<b>-9,513</b>
Beet	445,554	468,347	-4.9	-22,793
Cane	318,811	305,531	0.0	13,280
Total Imports	212,497	229,605	-7.5	-17,108
<b>Supply</b>	<b>5,046,211</b>	<b>5,840,629</b>	<b>-13.6</b>	<b>-794,418</b>
Total Exports	1,748	2,475	-29.4	-727
Total Deliveries	930,016	918,861	1.2	11,155
<b>Deliveries, Domestic Human Consumption</b>				
	<b>922,089</b>	<b>909,965</b>	<b>1.3</b>	<b>12,124</b>
Miscellaneous Supply Adjustment				
	50,383	-24,288	-307.4	74,671
<b>Use</b>	<b>982,147</b>	<b>897,048</b>	<b>9.5</b>	<b>85,099</b>
Total Ending Stocks	4,064,064	4,943,581	-17.8	-879,517

February 2020 had one extra day than February 2019.

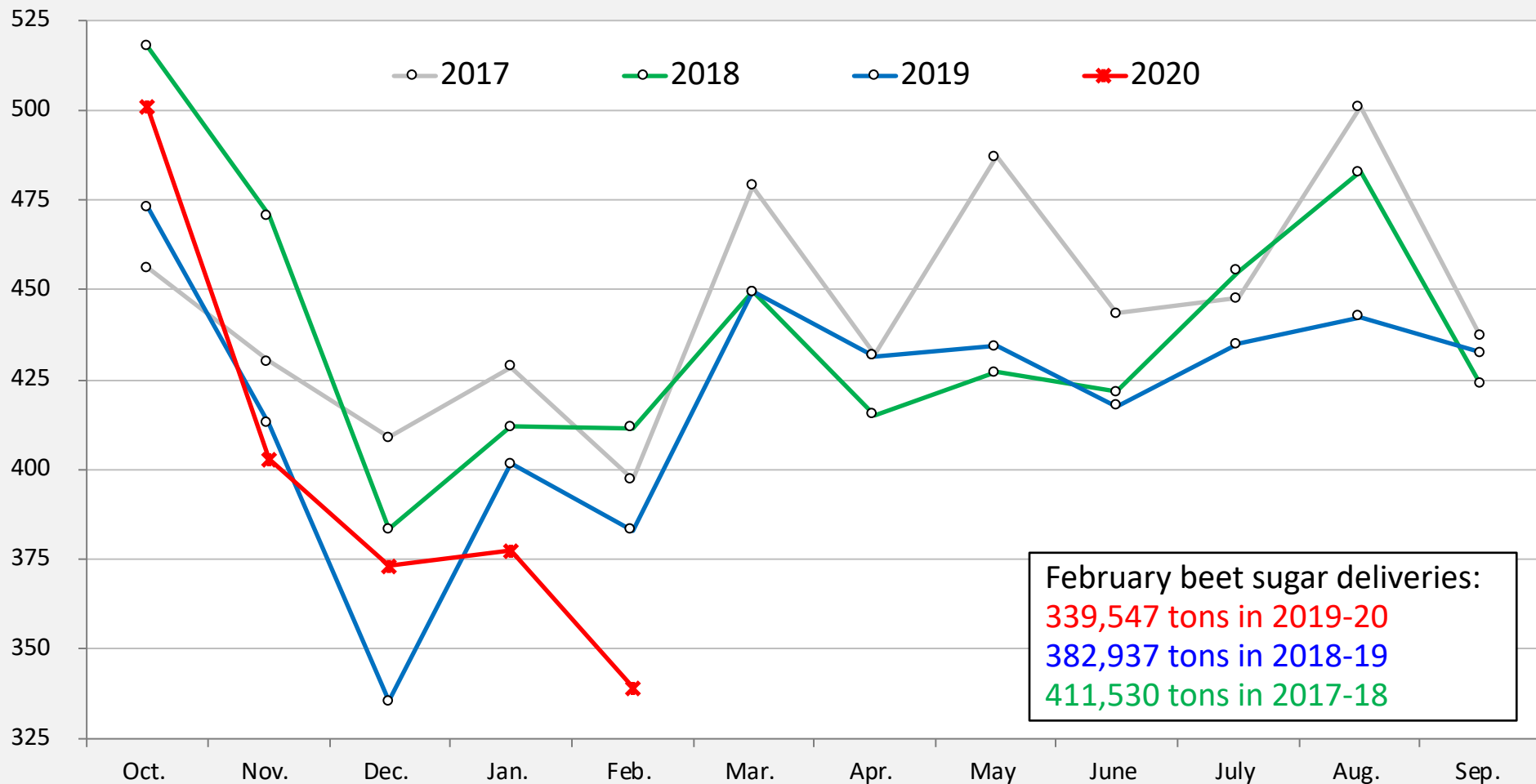
# SUA April 2020: SMD Oct.-Feb.

Source: USDA.

<b>Oct.-Feb. (STRV)</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>% Change</b>	<b>Quantity</b>
Beginning Stocks	1,782,548	2,007,901	-11.2	-225,353
<b>Total Production</b>	<b>5,999,655</b>	<b>6,745,556</b>	<b>-11.1</b>	<b>-745,901</b>
Beet	2,955,022	3,367,866	-12.3	-412,844
Cane	3,044,634	3,377,690	-9.9	-333,056
Total Imports	1,326,946	1,231,001	7.8	95,945
<b>Supply</b>	<b>9,109,149</b>	<b>9,984,458</b>	<b>-8.8</b>	<b>-875,309</b>
Total Exports	9,240	15,761	-41.4	-6,521
<b>Total Deliveries</b>	<b>4,988,530</b>	<b>4,959,397</b>	<b>0.6</b>	<b>29,133</b>
<b>Deliveries, Domestic Human Consumption</b>				
	<b>4,943,764</b>	<b>4,906,255</b>	<b>0.8</b>	<b>37,509</b>
Miscellaneous Supply Adjustment				
	47,316	65,717	-28.0	-18,401
<b>Use</b>	<b>5,045,086</b>	<b>5,040,876</b>	<b>0.1</b>	<b>4,210</b>
Total Ending Stocks	4,064,064	4,943,581	-17.8	-879,517

# SUA April 2020: Beet Sugar Deliveries

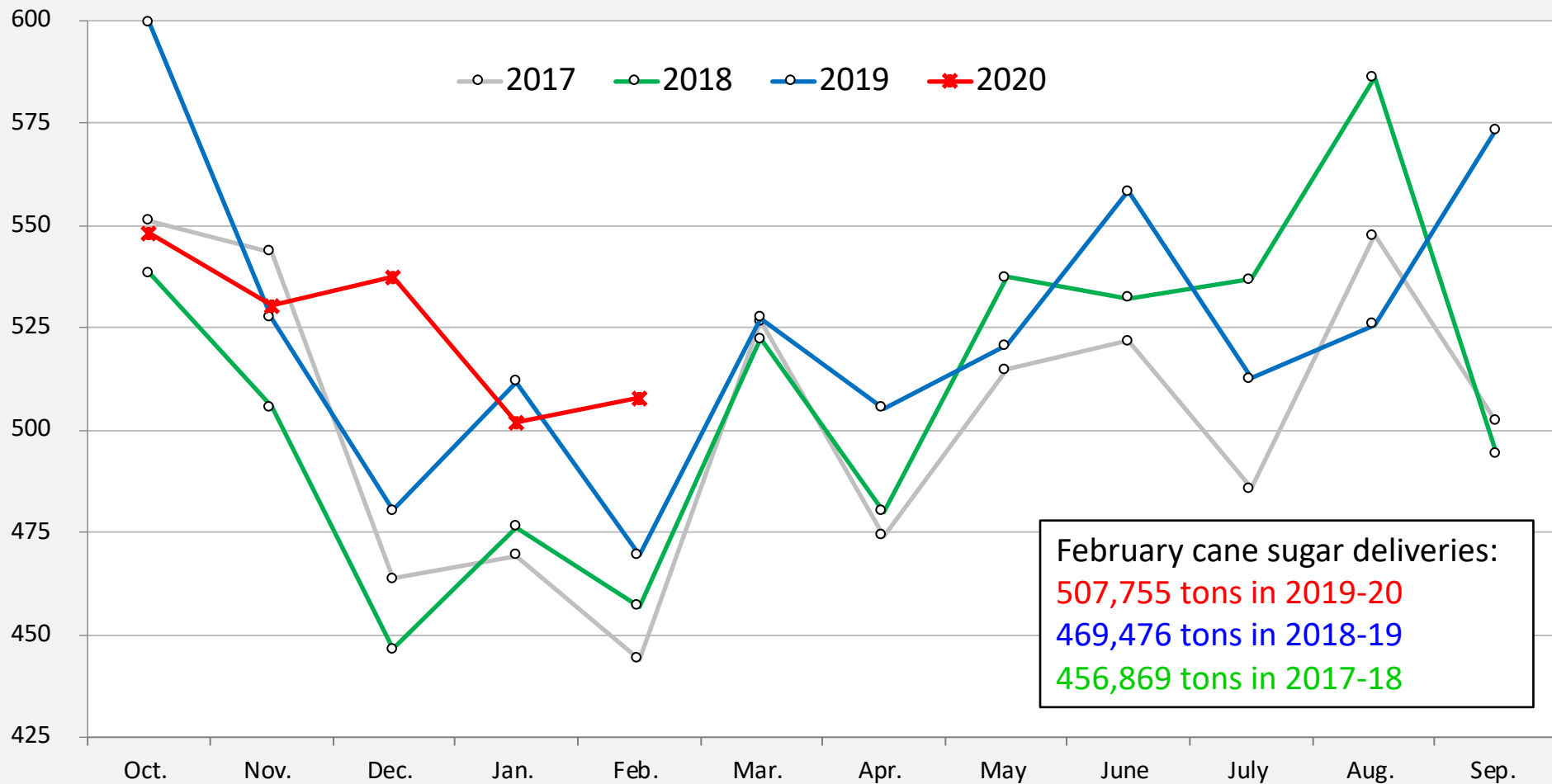
Monthly beet sugar deliveries, in 1,000 tons, raw value. Source: USDA



February beet sugar deliveries were down 37,612 tons, or 10%, from January, down 43,390 tons, or 11%, from February 2019, and the lowest since 2009. Beet sugar deliveries are expected to weaken as the year progresses because of two force majeure declared in November 2019 that are now in full effect.

# SUA April 2020: Refined Cane Deliveries

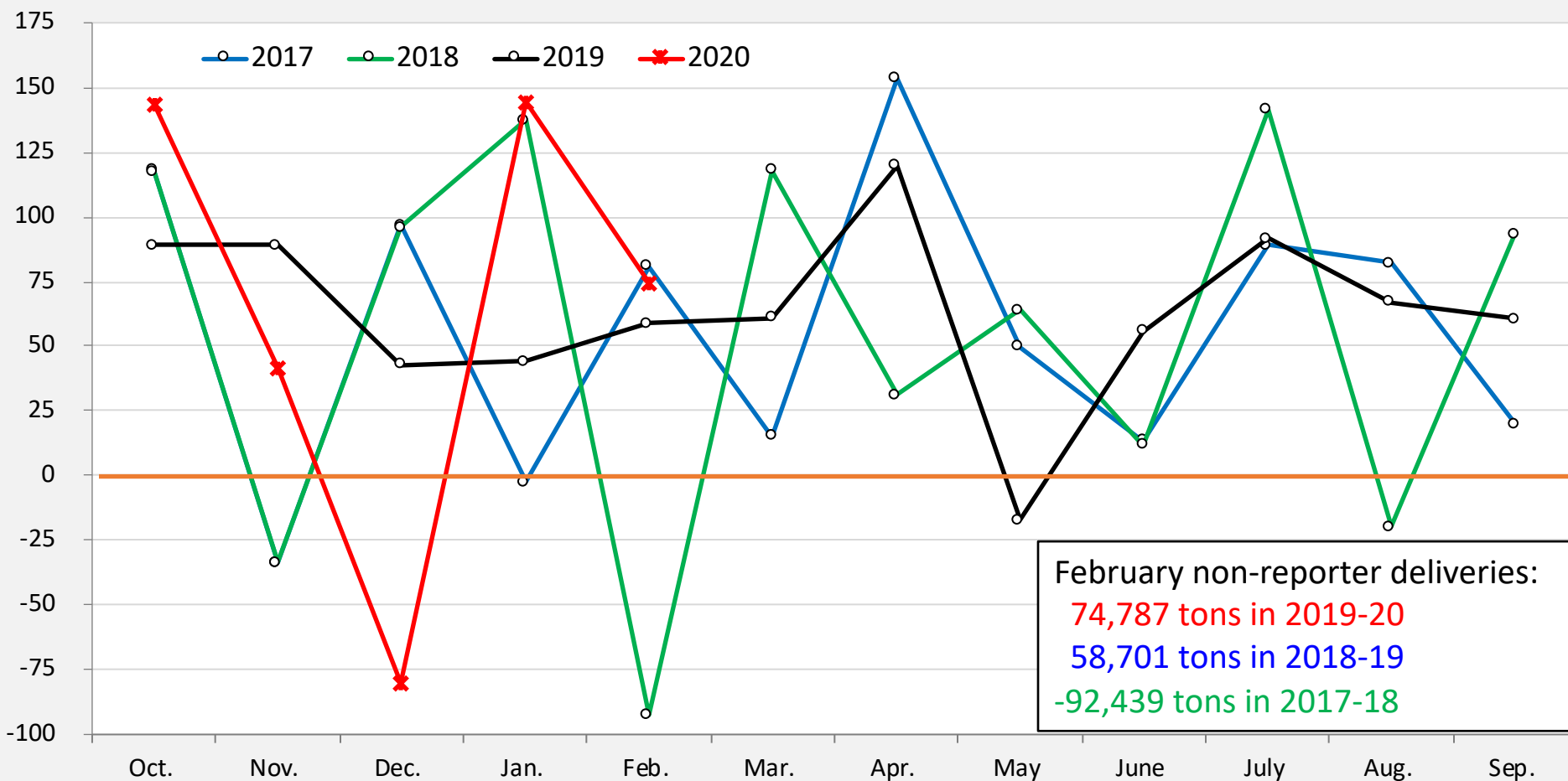
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



Refined cane sugar deliveries in February were up only 1.2% from January but were up 8% from February 2019 and the highest since 2016. Oct.-Feb. deliveries were up 37,106 tons, or 1.4%, from the same period a year ago. Cane deliveries should remain strong.

# SUA April 2020: Deliveries by Non-Reporters

Monthly non-reporter deliveries, in 1,000 tons, raw value. Source: USDA



Non-reporter deliveries in February were down 48% from a very strong January but were up 27% from February 2019. Oct.-Feb. deliveries 324,361 tons were up a mere 784 tons from the same period last year but varied widely month-to-month. Still expect strong non-reporter deliveries because refined imports favor this segment.

# SUA April 2020: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	<u>FY 2020</u> <u>Oct.-Feb.</u>	<u>FY 2019</u> <u>Oct.-Feb.</u>	<u>Per Cent</u> <u>Change</u>
<b>Total Deliveries/1</b> (short tons, <u>actual weight</u> )	<b>4,350,582</b>	<b>4,322,095</b>	<b>0.7</b>
1-Bakery, cereal, and related products	1,017,004	990,892	2.6
5-Confectionery and related products	446,714	488,044	-8.5
6-Ice cream and dairy products	319,094	308,429	3.5
7-Beverages	267,528	289,554	-7.6
8-Canned, bottled and frozen foods	173,794	168,974	2.9
4-Multiple and all other food uses	463,399	457,235	1.3
10-Non-food uses	54,738	68,549	-20.1
11-Hotels, restaurants, institutions	30,546	34,966	-12.6
2-Wholesale grocers, jobbers, dealers	927,650	881,766	5.2
3-Retail grocers, chain stores	520,815	508,984	2.3
12-Government agencies	3,229	5,537	-41.7
9-All other deliveries	126,072	119,165	5.8
<b>Total Deliveries/1</b> (short tons, <u>raw value</u> )	<b>4,655,122</b>	<b>4,624,642</b>	<b>0.7</b>
Crystalline:	4,033,069	4,036,422	-0.1
Consumer-size packages (retail)	902,347	933,100	-3.3
Packages 50 lbs and greater	1,229,695	1,193,852	3.0
Unpackaged (bulk)	1,901,027	1,909,470	-0.4
Non-crystalline/2	622,053	588,220	5.8

Oct.-Feb. deliveries were up 0.7% from same year-ago period, slipping from up 0.9% for Oct.-Jan. All negative sectors remained negative.

This could change dramatically in next few months due to coronavirus-inspired demand shifts.

Retail slightly less negative than in Oct.-Jan. Bulk slipped to negative.

1/Deliveries from domestic sugar beet processors, sugar cane processors and refiners.

2/Includes all liquid, edible molasses, sugar syrups and cane juice.

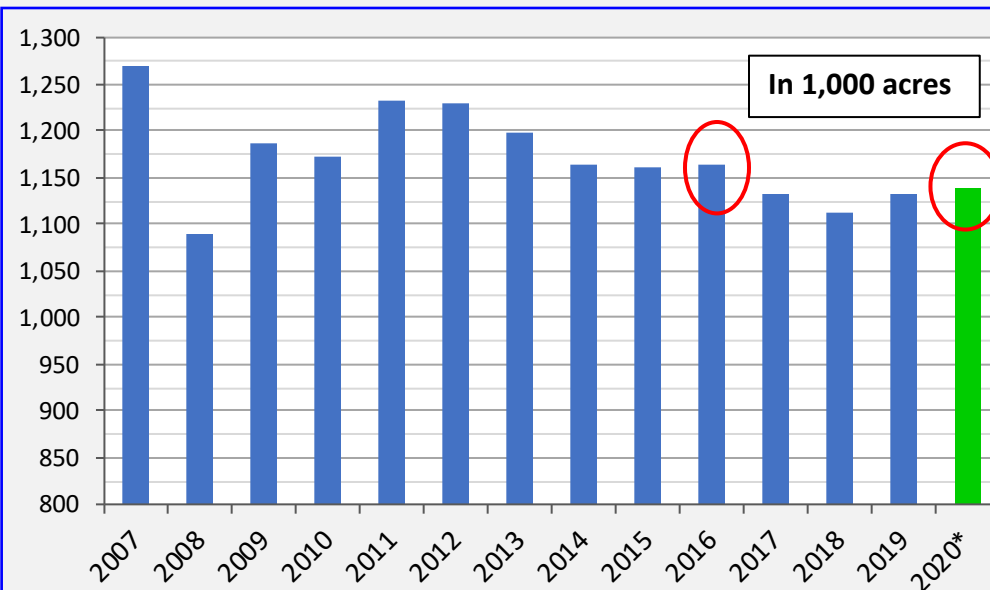
Source: USDA



# SUA April 2020: Prospective Plantings

From USDA's March 31, 2020, Prospective Plantings report.

1,000 acres	2019	2020	Change from '19	
	<u>Planted</u>	<u>Intended</u>	<u>Acres</u>	<u>Percent</u>
<b>Minnesota</b>	424.0	427.0	3.0	0.7%
<b>N. Dakota</b>	212.0	214.0	2.0	0.9%
<b>Idaho</b>	171.0	168.0	-3.0	-1.8%
<b>Michigan</b>	146.0	150.0	4.0	2.7%
Nebraska	44.0	44.0	0.0	0.0%
Montana	41.8	42.5	0.7	1.7%
Wyoming	31.6	31.5	-0.1	-0.3%
Colorado	25.1	25.2	0.1	0.4%
California	24.5	24.4	-0.1	-0.4%
Oregon	10.0	9.9	-0.1	-1.0%
Washington	2.0	2.0	0.0	0.0%
U.S.	1,132.0	1,138.5	6.5	0.6%

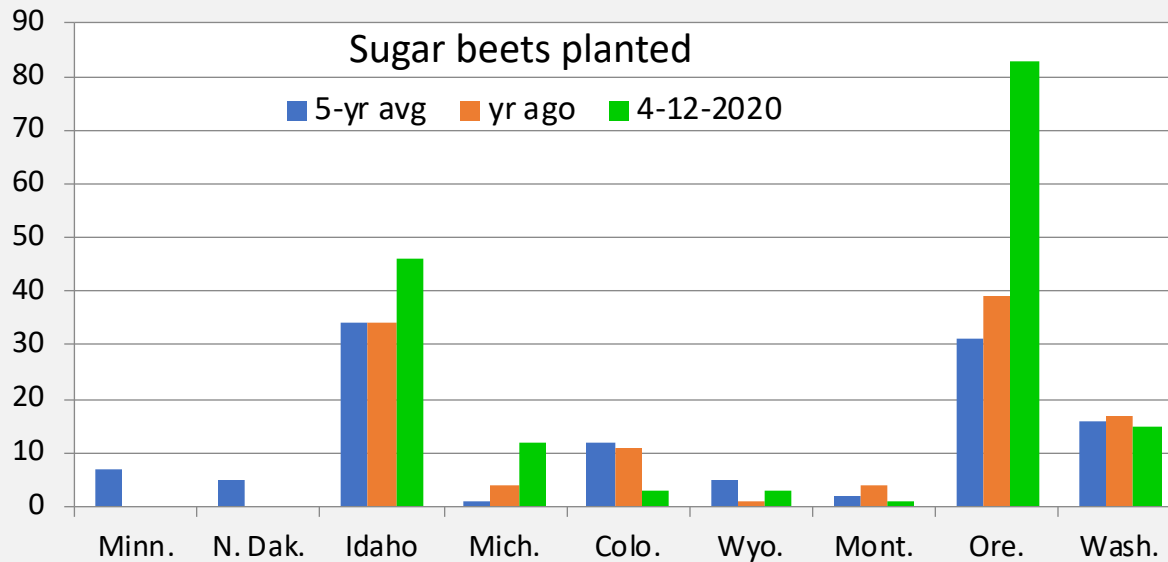


Sugar beets were 10% planted in the four largest states as of April 12, even with the five-year average. Beets were 46% planted in Idaho (34% average), 12% in Michigan (1%), 0% in Minn. (7%), 0% in N.D. (5%).

In its March 31 Prospective Plantings report, the USDA forecast 2020 sugar beet planted area at 1,138,500 acres, up 6,500 acres, or 0.6%, from 2019, including 6,000 acres in the four largest states. If realized, it would be the most since 1,163,000 acres in 2016. After a difficult 2019 season and strong prices, an increase should be expected.

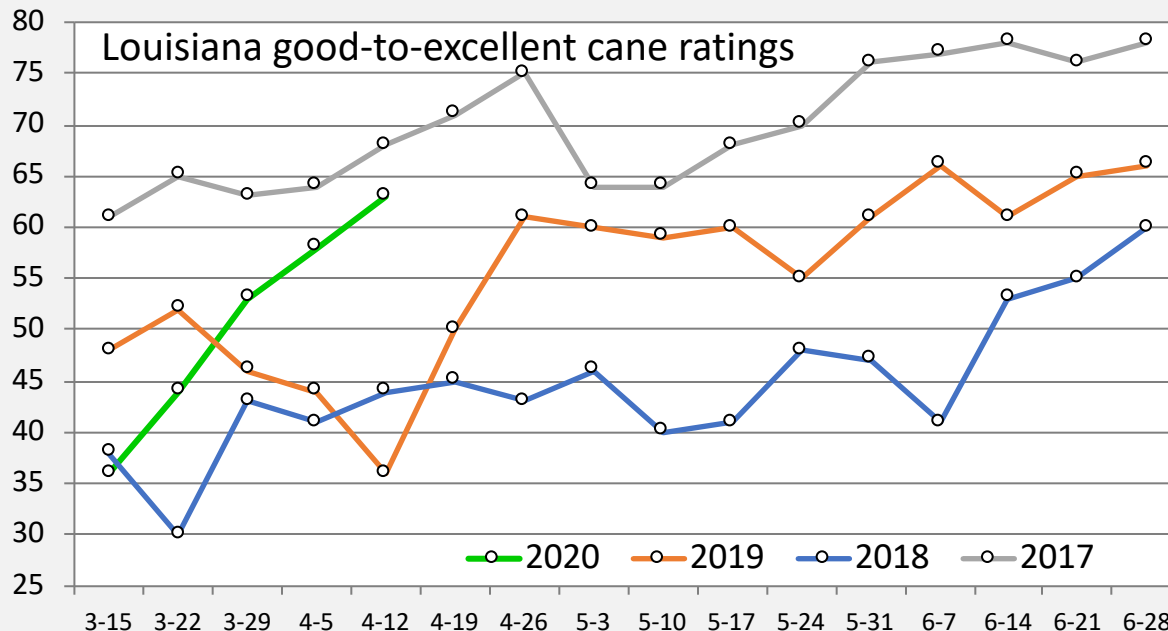
# SUA April 2020: Beet, Cane Crop Progress

In per cent for week ended April 12, 2020. Source: USDA.



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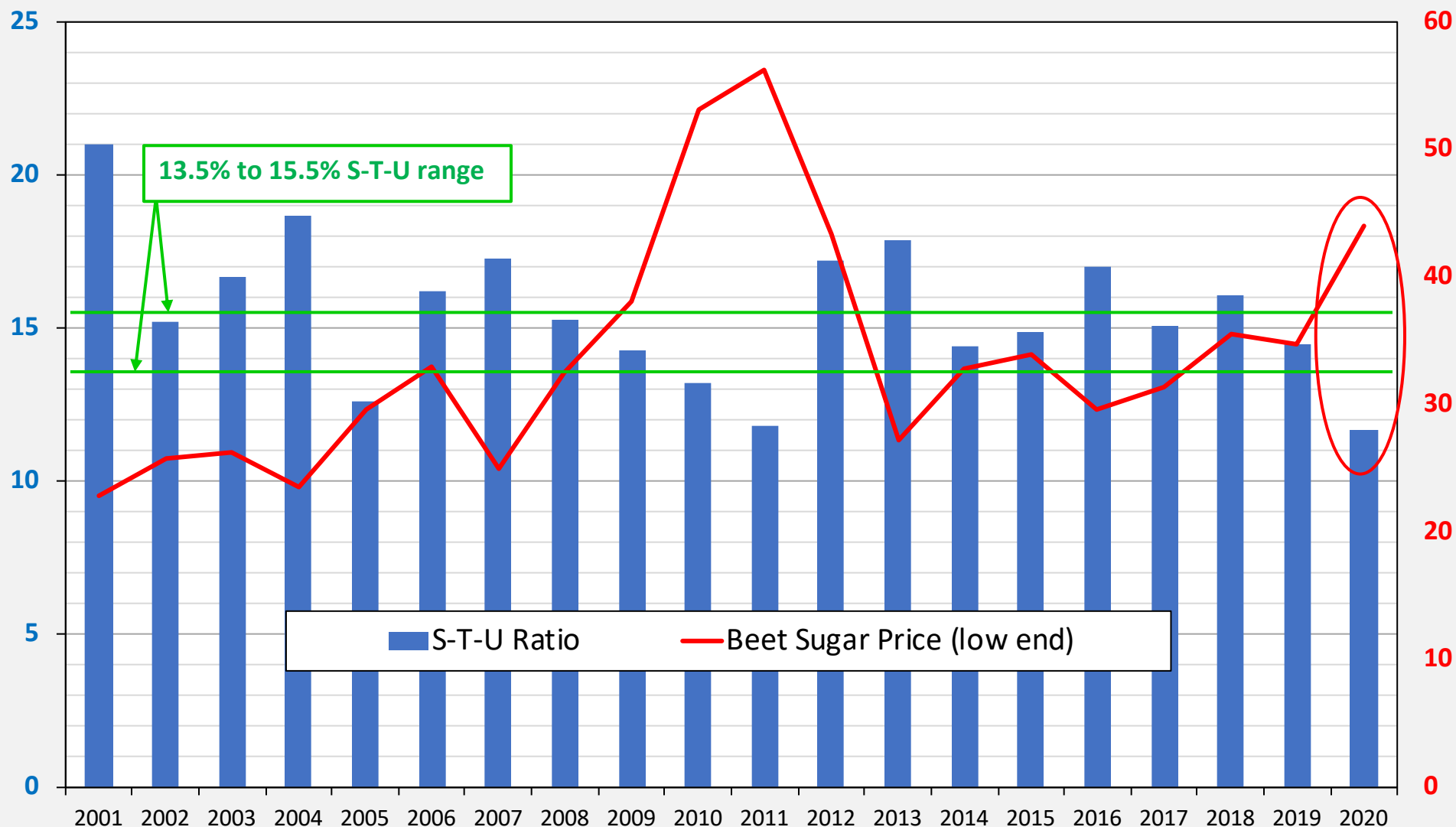
Planting was behind 5-year avg. except in Idaho, Michigan and Oregon, but still okay on time.



Louisiana sugar cane initial crop rating was on low side, but it has improved rapidly in four weeks and is approaching outstanding 2017 crop rating.

# SUA April 2020: Annual S-T-U Ratios

Annual stocks-to-use ratios, in percent. 2019-20 is forecast as of April 9. Source: USDA.



Continued low S-T-U ratio will support high sugar prices.

# SUA April 2020: Cash Sugar Price Outlook

## **Beet sugar 2019-20**

Beet sugar prices remain nominal; some California supply available with beet harvest their ongoing.

## **Cane sugar 2019-20**

Prices in all regions at 46c f.o.b. from one major refiner, steady. Other refiners effectively out of the market.

## **Beet sugar 2020-21**

Pricing from major processors at 36.5c f.o.b. Midwest; Smaller buyers at 37c to 37.5c f.o.b from one processor. Michigan offers at 38.5c f.o.b. All unchanged to firm.

## **Cane sugar 2020-21**

Pricing from one major Southeast refiner at 38c f.o.b. Another refiner at 41c f.o.b. at multiple locations. Gulf firmer at 40c to 41c f.o.b. All unchanged from March.

## **Recent Developments and Factors to Watch**

- Buyers are coming to spot market to replace force majeure shortages.
- Supplies remain tight near term even with TRQ and Mexico increases.
- 2020-21 sales increased when prices raised in Feb. but have since slowed.
- Beet processors appear to be 40% to 50% sold for 2020-21, but most sales are frontloaded in the Oct.-Dec 2020 quarter as some force majeure shipments were pushed into that period.

# SUA April 2020: Mexico WASDE

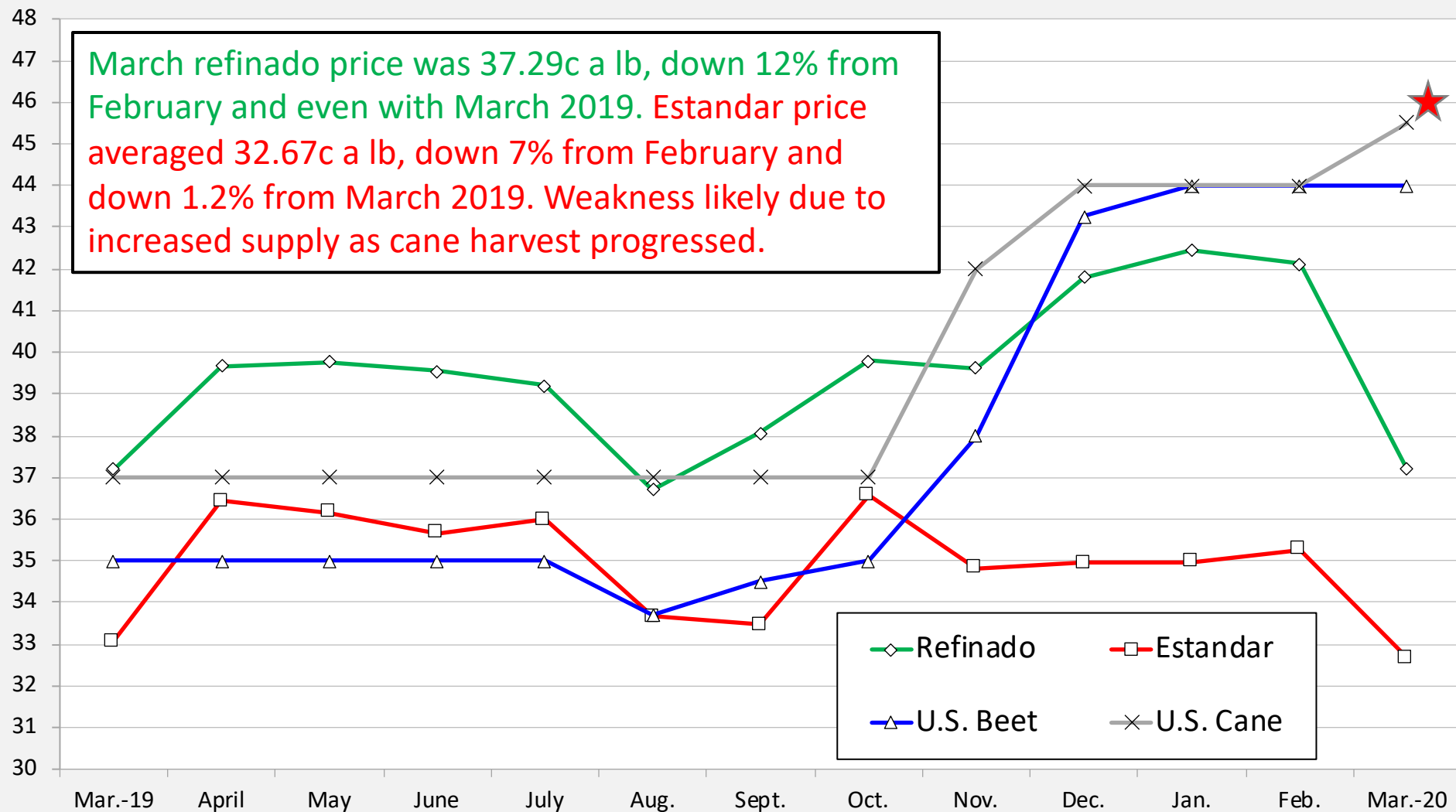
In 1,000 tonnes, actual weight. Source: USDA April 9, 2020, WASDE

	April	From	April	Change from	
	<u>18-19</u>	<u>March</u>	<u>19-20</u>	<u>March</u>	<u>18-19</u>
Beginning Stocks	1,395	-	1,169	-	(226)
<b>Production</b>	6,426	-	5,235	35	(1,191)
Imports	85	-	89	-	4
<b>Total Supply</b>	7,906	-	6,493	35	(1,413)
<b>Exports</b>	2,204	-	1,065	35	(1,139)
Domestic Use	4,532	-	4,492	-	(40)
<b>Total Use</b>	6,736	-	5,557	35	(1,179)
Ending Stocks	1,169	-	936	-	(233)
<b>S-T-U (total)</b>	17.4%	-	16.8%	(0.2)	(0.6)
<b>S-T-U (dom.)</b>	25.8%	-	20.8%	-	(5.0)

Changes in the April WASDE for Mexico were minor. A very modest 35,000-tonne increase in production was offset by a like increase in exports, leaving ending stocks unchanged. This implies Mexico's crop may be as small as feared, which may be a challenge for meeting export commitments.

# SUA April 2020: US & Mexico Sugar Prices

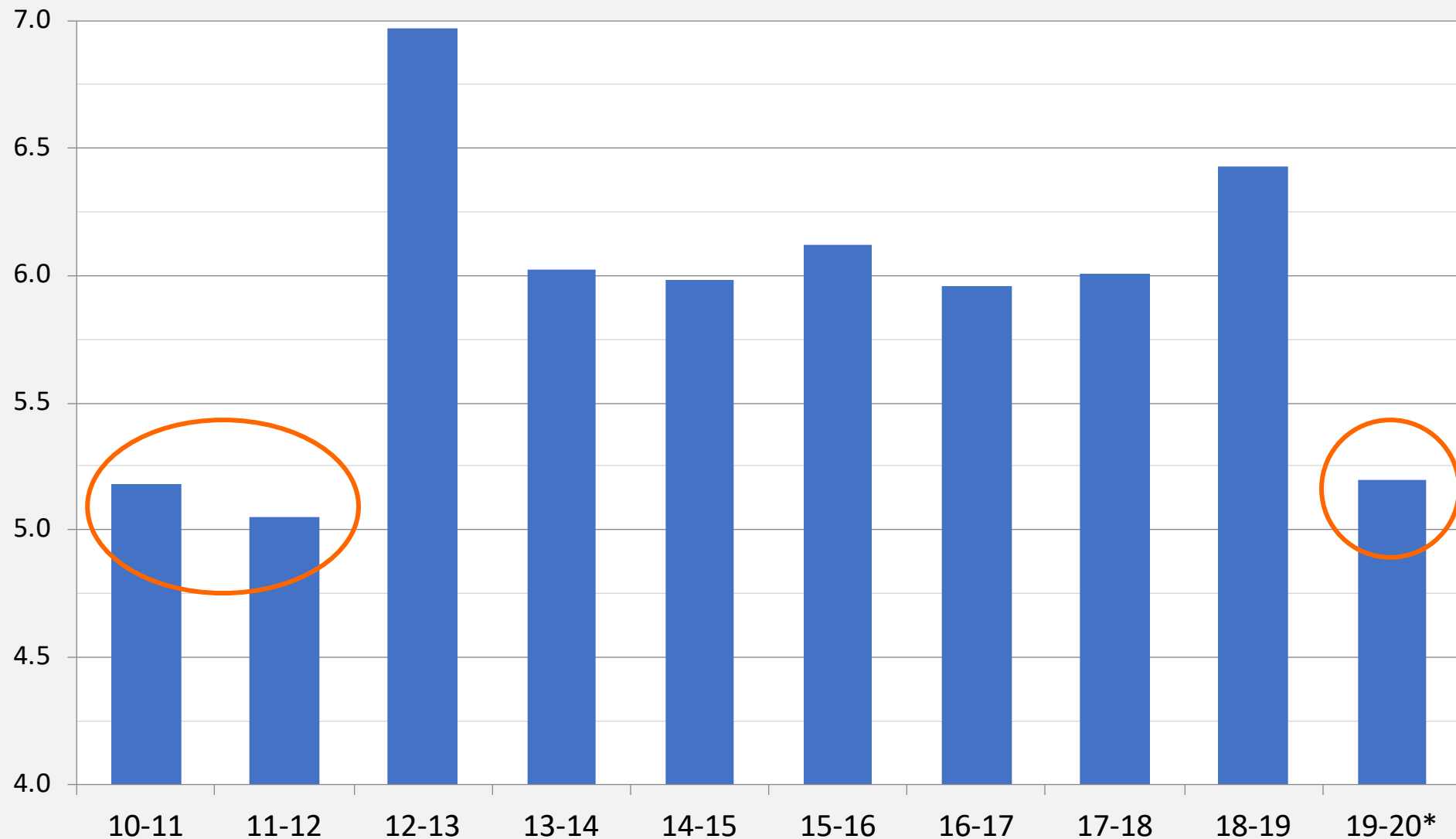
Average monthly cash prices in cents/lb. Sources: USDA and Sosland Publishing Company



US March spot beet price was nominal at 44c a lb f.o.b. US refined cane sugar averaged 45.5c a lb f.o.b. and is now at 46c a lb f.o.b.

# SUA April 2020: Mexico Sugar Production

In million tonnes, actual weight, as of April 9, 2020. Source: USDA and CONADESUCA.



Mexico's 2019-20 sugar production was forecast at 5,235,000 tonnes, up 0.7% from March, down 19% from 2018-19 and the lowest since 2011-12.

# SUA April 2020: New York #16 Raw Futures

ICE domestic raw sugar futures as of April 13, 2020, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFN20 (D10)	26.02 S	0.01			0	2406	1:08:15 PM EDT - 04/13/20	26.02 S
ESFU20 (D10)	26.03 S	0.01			0	2938	1:08:15 PM EDT - 04/13/20	26.03 S
ESFX20 (D10)	26.50 S	0.00			0	1344	1:08:15 PM EDT - 04/13/20	26.50 S
ESFF21 (D10)	26.35 S	0.00			0	631	1:08:15 PM EDT - 04/13/20	26.35 S
ESFH21 (D10)	26.35 S	0.00			0	885	1:08:15 PM EDT - 04/13/20	26.35 S
ESFK21 (D10)	26.75 S	0.00			0	430	1:08:15 PM EDT - 04/13/20	26.75 S
ESFN21 (D10)	26.85 S	0.00			0	870	1:08:15 PM EDT - 04/13/20	26.85 S
ESFU21 (D10)	26.85 S	0.00			0	940	1:08:15 PM EDT - 04/13/20	26.85 S
ESFX21 (D10)	26.90 S	0.00			0	340	1:08:15 PM EDT - 04/13/20	26.90 S
ESFF22 (D10)	26.90 S	0.00			0		1:08:15 PM EDT - 04/13/20	26.90 S
ESFH22 (D10)	26.90 S	0.00			0		1:08:15 PM EDT - 04/13/20	26.90 S

Nearby domestic raws have held just above 26c a lb since March rolled off at 26.55c. Increased supply due to TRQ increase has added some pressure, as has concern about reduced demand due to the coronavirus. But price remains in middle of 25c to 27c range despite two breakouts in last-half November 2019 and early March 2020, both supply related. There is about a 1c carry into 2022 months. Nothing dramatic expected with supply improving, albeit slowly and insufficiently.



# SUA April 2020: Global Sugar Overview

- **Focus on Brazil as crude oil prices struggle**
  - Russia-Saudi Arabia increased crude production amid weak demand.
  - Brazilian sugar production expected to increase 3 to 6 million tonnes or more as mills switch from ethanol to sugar as gasoline prices slump.
  - Brazilian currency at or near record low against US dollar.
  - Should boost exportable sugar supply in latter half of 2020.
- **Global supply/demand – India**
  - Exports stronger in Jan.-Feb., then prices plummeted, then country locked down in April and port activities near halt. Export contracts at 3.75 million tonnes, with 4.5 million forecast vs. 5 million target.
- **Pricing**
  - World raw prices have plunged 35% from recent two+ year highs on crude oil price declines and coronavirus. This should continue to encourage high-tier imports as US prices remain high.
- **Tight global supply quickly loosening as Brazil harvest advances**
  - Global surplus expected in 2020-21.

# SUA April 2020: New York #11 Raw Futures

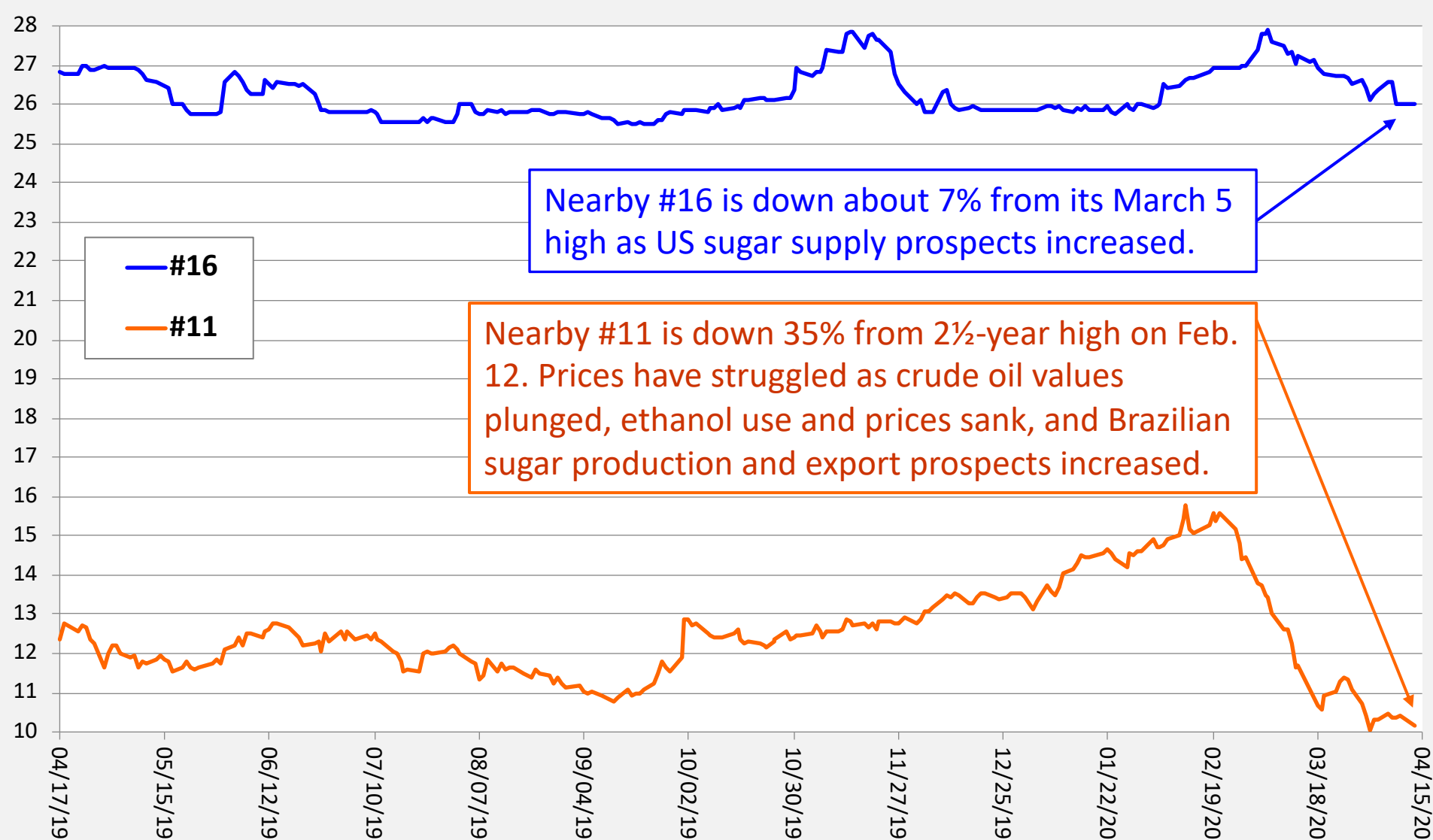
ICE world raw sugar futures as of April 13, 2020, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBK20 (D10)	10.17 S	-0.26	10.57	10.12	55915	239396	1:12:40 PM EDT - 04/13/20	10.17 S
ESBN20 (D10)	10.29 S	-0.20	10.61	10.20	55778	295781	1:12:40 PM EDT - 04/13/20	10.29 S
ESBV20 (D10)	10.56 S	-0.20	10.88	10.48	21902	200503	1:12:40 PM EDT - 04/13/20	10.56 S
ESBH21 (D10)	11.28 S	-0.18	11.58	11.20	9161	117174	1:12:40 PM EDT - 04/13/20	11.28 S
ESBK21 (D10)	11.37 S	-0.14	11.61	11.29	3917	53630	1:12:40 PM EDT - 04/13/20	11.37 S
ESBN21 (D10)	11.52 S	-0.11	11.72	11.42	6011	42010	1:12:40 PM EDT - 04/13/20	11.52 S
ESBV21 (D10)	11.81 S	-0.09	11.96	11.71	4000	40225	1:12:40 PM EDT - 04/13/20	11.81 S
ESBH22 (D10)	12.34 S	-0.10	12.50	12.23	1120	18618	1:12:40 PM EDT - 04/13/20	12.34 S
ESBK22 (D10)	12.30 S	-0.16	12.50	12.18	472	6415	1:12:40 PM EDT - 04/13/20	12.30 S
ESBN22 (D10)	12.27 S	-0.22	12.50	12.16	203	5591	1:12:40 PM EDT - 04/13/20	12.27 S
ESBV22 (D10)	12.43 S	-0.31	12.75	12.34	218	3633	1:12:40 PM EDT - 04/13/20	12.43 S
ESBH23 (D10)	12.85 S	-0.31			0	252	1:12:40 PM EDT - 04/13/20	12.85 S

New York nearby world raw sugar futures have tumbled about 35% since hitting a 32-month high on Feb. 12 and as of Monday (April 13) were trading only slightly above April 1 lows. Pressure has been mainly from crude oil prices. Oversupply from the Russia-Saudi Arabia price war fired the first salvo; reduced demand from COVID-19 was the second blow. OPEC's historic 9.7-million-barrel-per-day cut agreed to over the weekend is seen as insufficient to clear the glut or offset impact of COVID-19. Brazil production/exports expected to balloon.

# SUA April 2020: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of April 13, 2020.



# SUA April 2020: Corn Sweetener Prices

Cents/lb or \$/cwt. NOTE: Prices shown reflect sales to small/med. users; large sales lower.

## 42% HFCS Spot

	<u>2020</u>	<u>2019</u>
Midwest	25½-26	25-25¾
Northeast	27-27½	26½-27¼
Southeast	27¼-27¾	26¾-27½
South	26¾-27¼	26¼-27
West	27½-28¾	27-28¾

## 55% HFCS Spot

	<u>2020</u>	<u>2019</u>
Midwest	32¾-33¾	31¾-32¼
Northeast	34¼-35¼	33¼-33¾
Southeast	34¼-35¼	33¼-33¾
South	34-35	33-33½
West	34¾-35¾	33¾-35¼

## Corn Syrup Spot

	<u>2020</u>	<u>2019</u>
Midwest	36¾-37¼	35¾-36¼
Northeast	39-39½	38-38½
Southeast	39-39½	38-38½
South	40-40½	39-39½
West	41-41½	40¼-40¾

The USDA did not change its forecast use of corn for HFCS, glucose/dextrose or starch in its April Feed Outlook report. Forecasts remain below year-ago levels.

October-February HFCS consumption in Mexico totaled 471,000 tonnes, dry basis, down 2.9% from the same period last year and deteriorating from down 1.7% in the October-January period. Projected consumption for 2019-20 was unchanged from March WASDE at 1,520,000 tonnes. Switching to HFCS from sugar does not appear to be happening.

USDA forecast use of corn for dextrose/glucose in 2019-20 was unchanged from March and still down from 2018-19.

## Dextrose Spot

	<u>2019</u>	<u>2018</u>
East	42-42½	40½-41½
Midwest	41-41½	39½-40½
South	43-43½	41½-42½
West	44-44½	42½-43½

The USDA lowered forecast use of corn for ethanol by 375 million bus, or 7%, from March WASDE but raised use for alcohol by 19 million bus.

# SUA April 2020: Other Issues & Trends

- **Trade** – Mainly watching imports from Mexico.
- **Sugar/beverage taxes** – Quiet.
- **Consumer Sugar Perception/Reduction** – Hijacked by COVID-19.
- **Reformulation** – Food and beverage makers continue to cut sweeteners globally in response to consumer preferences and to avoid taxes. Will US sugar supply/price impact reformulation?
- **WHO** – Recent WHO report calls for more regulation on social media ads aimed at children.
- **Impact on sugar demand from coronavirus restrictions?**
- **Current industry, consumer focus is on coping with the coronavirus: homing, retail vs foodservice, logistics.**

# SUA April 2020: Conclusions

## ■ Domestic Sweetener Market

- February beet deliveries were weak; cane strong.
- Force majeure are in effect; some users are looking for sugar.
- April WASDE showed sugar supplies still short.
- April WASDE showed Mexico supply situation vulnerable.
- Large TRQ increase April 1 should help; more needed.
- Impact of coronavirus clouds already-difficult demand forecast.
- High-tier imports still playing a large role.
- Complete fill-in buying NOW to avoid logistics issues.
- Spot refined cane sugar prices steady at 7-year highs.
- Pricing for 2020-21 steady but at elevated levels.

## ■ Global Sugar Market

- Nearby world raw prices down 35% from February highs.
- Energy supplies/prices dictating global sugar supplies/prices.
- Brazil ramping up sugar production.
- Coronavirus expected to reduce global demand.